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State of Utah

DEPARTMENT OF NATURAL RESOURCES

Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

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Division Director

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Inspection Report

Minerals Regulatory Program

August 18, 2009

Reviewed: TR

Mine Name: Bald Knoll	Permit Number: M/025/0012
Operator Name: MMG Mining	Inspection Date: June 3, 2009
Inspector(s): Lynn Kunzler	Time: 11:45 am
Other Participants: None	Mine Status: Partial Reclamation

Elements of Inspection	Evaluated	Comment	Enforcement
1. Permits, Revisions, Transfer, Bonds	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Public Safety (shafts, adits, trash, signs, highwalls)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Protection of Drainages / Erosion Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Deleterious Material	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Roads (maintenance, surfacing, dust control, safety)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Reclamation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Backfilling/Grading (trenches, pits, roads, highwalls,	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Soils	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Revegetation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Purpose of Inspection:

Operator requested inspection to release a portion of the area that had been reclaimed.

Inspection Summary:

The operator submitted a LMO on November 4, 2005. The Division sent an initial review on January 6, 2006. The operator has not responded to this review.

The annual permit fees for 2007, 2008 and 2009 have not been paid.

The Division currently holds \$16,700 in the form of a letter of credit for surety for this site.

Inspection of the site found some empty barrels and other trash – a subsequent phone call to the operator requested that these be removed or properly stored.

Approximately 4.2 acres were reclaimed in 2005. This area was inspected to determine whether reclamation success standards have been met. The area is stable with no signs of erosion. The area is free of trash and debris. Grading of the site blends in with surrounding terrain. Vegetation is well established and was estimated to have 30% ground cover. This compares to the surrounding vegetation ground cover of 28%. Dominant vegetation includes palmer penstemon, sagebrush, thickspike wheatgrass and globemallow.

The areas was surveyed with a GPS data logger. Total disturbance was found to be 8.3 acres, of which 4.2 acres were reclaimed.

Photos were taken to document site conditions.

Conclusions and Recommendations:

Although a LMO was submitted for this operation, it has never been approved. Therefore it is still considered a small mining operation.

This permit for this site is suspended until annual permit fees are paid (\$450.00 are now past due, based on small mining operation requirements).

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The 4.2 acres that were reclaimed meet reclamation success standards and can be released. This action will reduce the disturbed acreage to less than 5 acres, which is in compliance with a small mining operation.

The current reclamation surety of \$16,700 should have been escalated in January of 2008. The surety therefore needs to be escalated to bring it in line with current reclamation costs.

Continue to monitor this site when in the area.

Inspector's Signature

cc: Mark Carter, Operator

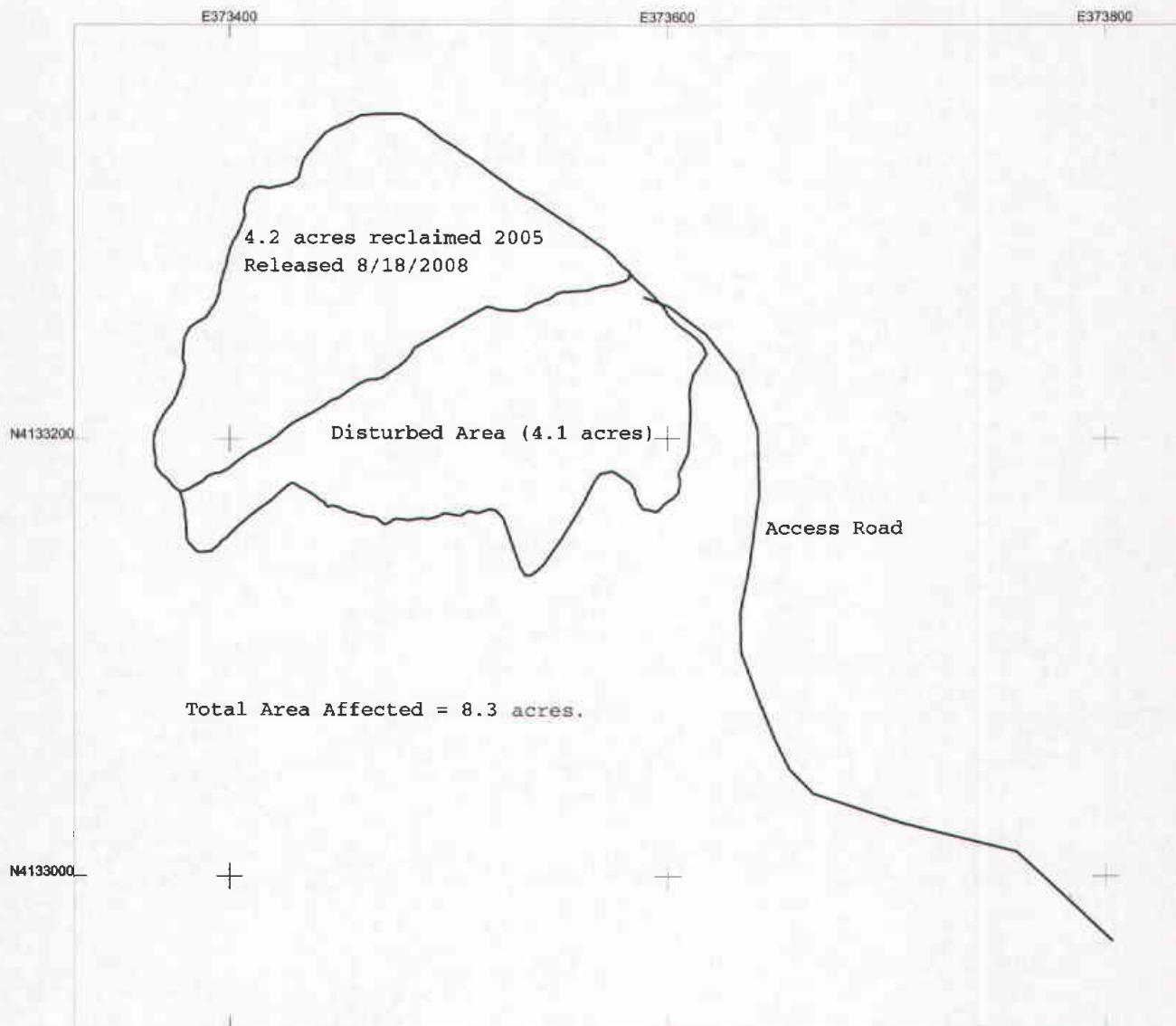
John Blake, SITLA

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Status of
S/025/0012



Scale 1:3,000



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